



**For the Year Ending December 31, 2011**  
OF THE CONDITION AND AFFAIRS OF THE

NAIC Group Code	0000 (Current Period)	0000 (Prior Period)	NAIC Company Code	95814	Employer's ID Number	38-3123777
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[ ] Dental Service Corporation[ ] Other[ ]		Property/Casualty[ ] Vision Service Corporation[ ] Is HMO Federally Qualified? Yes[ ] No[X] N/A[ ]		Hospital, Medical & Dental Service or Indemnity[ ] Health Maintenance Organization[X]	
Incorporated/Organized	01/01/1994		Commenced Business	01/01/1994		
Statutory Home Office	4700 Schaefer Road Ste. 340 (Street and Number)		Dearborn, MI 48126 (City or Town, State and Zip Code)			
Main Administrative Office			5050 Schaefer Road (Street and Number)			
	Dearborn, MI 48126 (City or Town, State and Zip Code)		(313)581-3700 (Area Code) (Telephone Number)			
Mail Address	4700 Schaefer Road Ste. 340 (Street and Number or P.O. Box)		Dearborn, MI 48126 (City or Town, State and Zip Code)			
Primary Location of Books and Records			4700 Schaefer Rd. Ste. 340 (Street and Number)			
	Dearborn, MI 48126 (City or Town, State and Zip Code)		(313)581-3700 (Area Code) (Telephone Number)			
Internet Website Address	www.midwesthealthplan.com					
Statutory Statement Contact	Allen A. Kessler, CPA (Name)		(313)586-6064 (Area Code)(Telephone Number)(Extension)			
	akessler@midwesthealthplan.com (E-Mail Address)		(313)581-8699 (Fax Number)			

## OFFICERS

<u>Name</u>	<u>Title</u>
Mark Saffer DPM	President
Jeanne Dunk	Secretary #
Ronald Berry CPA	Treasurer #

## OTHERS

Mark H. Tucker MD

Allen A. Kessler CPA

## DIRECTORS OR TRUSTEES

Mark Saffer DPM  
Jeanne Dunk #  
John Lindsey

William Alvin #  
Ronald Berry CPA #  
Myra Gamble

State of Michigan  
County of Wayne ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Mark Saffer	Jeanne Dunk	Ronald Berry
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President	Secretary	Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2012

\_\_\_\_\_ (Notary Public Signature)

a. Is this an original filing? Yes[X] No[ ]

b. If no, 1. State the amendment number \_\_\_\_\_

2. Date filed \_\_\_\_\_

3. Number of pages attached \_\_\_\_\_

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D) .....	1,027,024		1,027,024	1,008,328
2.	Stocks (Schedule D)				
2.1	Preferred stocks .....				
2.2	Common Stocks .....				
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens .....				
3.2	Other than first liens .....				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances) .....				
4.2	Properties held for the production of income (less \$.....0 encumbrances) .....				
4.3	Properties held for sale (less \$.....0 encumbrances) .....				
5.	Cash (\$.....46,805,940 Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....0 Schedule DA) .....	46,805,940		46,805,940	74,713,515
6.	Contract loans (including \$.....0 premium notes) .....				
7.	Derivatives (Schedule DB) .....				
8.	Other invested assets (Schedule BA) .....				
9.	Receivables for securities .....				
10.	Securities Lending Reinvested Collateral Assets (Schedule DL) .....				
11.	Aggregate write-ins for invested assets .....				
12.	Subtotals, cash and invested assets (Lines 1 to 11) .....	47,832,964		47,832,964	75,721,843
13.	Title plants less \$.....0 charged off (for Title insurers only) .....				
14.	Investment income due and accrued .....	1,610		1,610	23,736
15.	Premiums and considerations:				
15.1	Uncollected premiums and agents' balances in the course of collection .....	1,300,000		1,300,000	455,528
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums) .....				
15.3	Accrued retrospective premiums .....				
16.	Reinsurance:				
16.1	Amounts recoverable from reinsurers .....	110,852		110,852	415,908
16.2	Funds held by or deposited with reinsured companies .....				
16.3	Other amounts receivable under reinsurance contracts .....				
17.	Amounts receivable relating to uninsured plans .....				
18.1	Current federal and foreign income tax recoverable and interest thereon .....	263,559		263,559	739,559
18.2	Net deferred tax asset .....	1,077,000	791,000	286,000	239,000
19.	Guaranty funds receivable or on deposit .....				
20.	Electronic data processing equipment and software .....	360,892	360,892		
21.	Furniture and equipment, including health care delivery assets (\$.....0) .....	212,062	212,062		
22.	Net adjustment in assets and liabilities due to foreign exchange rates .....				
23.	Receivables from parent, subsidiaries and affiliates .....				
24.	Health care (\$.....63,103) and other amounts receivable .....	93,777		93,777	174,163
25.	Aggregate write-ins for other than invested assets .....	476,764	476,764		
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	51,729,482	1,840,718	49,888,763	77,769,737
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28.	Total (Lines 26 and 27) .....	51,729,482	1,840,718	49,888,763	77,769,737
DETAILS OF WRITE-INS					
1101.	.....				
1102.	.....				
1103.	.....				
1198.	Summary of remaining write-ins for Line 11 from overflow page .....				
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....				
2501.	Prepaid Asset .....	476,764	476,764		
2502.	.....				
2503.	.....				
2598.	Summary of remaining write-ins for Line 25 from overflow page .....				
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	476,764	476,764		

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded) .....	27,099,291		27,099,291	25,083,949
2.	Accrued medical incentive pool and bonus amounts .....	1,099,875		1,099,875	1,346,608
3.	Unpaid claims adjustment expenses .....	917,765		917,765	767,480
4.	Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act .....				
5.	Aggregate life policy reserves .....				
6.	Property/casualty unearned premium reserves .....				
7.	Aggregate health claim reserves .....				
8.	Premiums received in advance .....				
9.	General expenses due or accrued .....	1,683,965		1,683,965	2,037,596
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)) .....				
10.2	Net deferred tax liability .....				
11.	Ceded reinsurance premiums payable .....				
12.	Amounts withheld or retained for the account of others .....				
13.	Remittances and items not allocated .....				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current) .....				
15.	Amounts due to parent, subsidiaries and affiliates .....				99,585
16.	Derivatives .....				
17.	Payable for securities .....				
18.	Payable for securities lending .....				
19.	Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers) .....				
20.	Reinsurance in unauthorized companies .....				
21.	Net adjustments in assets and liabilities due to foreign exchange rates .....				
22.	Liability for amounts held under uninsured plans .....				
23.	Aggregate write-ins for other liabilities (including \$.....0 current) .....				
24.	TOTAL Liabilities (Lines 1 to 23) .....	30,800,896		30,800,896	29,335,218
25.	Aggregate write-ins for special surplus funds .....	X X X	X X X		
26.	Common capital stock .....	X X X	X X X	186,230	186,230
27.	Preferred capital stock .....	X X X	X X X		
28.	Gross paid in and contributed surplus .....	X X X	X X X	33,770	33,770
29.	Surplus notes .....	X X X	X X X		
30.	Aggregate write-ins for other than special surplus funds .....	X X X	X X X		
31.	Unassigned funds (surplus) .....	X X X	X X X	18,867,867	48,214,519
32.	Less treasury stock, at cost:				
32.1	.....0 shares common (value included in Line 26 \$.....0) .....	X X X	X X X		
32.2	.....0 shares preferred (value included in Line 27 \$.....0) .....	X X X	X X X		
33.	TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32) .....	X X X	X X X	19,087,867	48,434,519
34.	TOTAL Liabilities, Capital and Surplus (Lines 24 and 33) .....	X X X	X X X	49,888,763	77,769,737
DETAILS OF WRITE-INS					
2301.	Dividend Payable .....				
2302.	.....				
2303.	.....				
2398.	Summary of remaining write-ins for Line 23 from overflow page .....				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....				
2501.	.....	X X X	X X X		
2502.	.....	X X X	X X X		
2503.	.....	X X X	X X X		
2598.	Summary of remaining write-ins for Line 25 from overflow page .....	X X X	X X X		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	X X X	X X X		
3001.	.....	X X X	X X X		
3002.	.....	X X X	X X X		
3003.	.....	X X X	X X X		
3098.	Summary of remaining write-ins for Line 30 from overflow page .....	X X X	X X X		
3099.	TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above) .....	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months .....	X X X .....	884,601	848,284
2.	Net premium income (including \$.....0 non-health premium income) .....	X X X .....	265,692,692	248,357,265
3.	Change in unearned premium reserves and reserve for rate credits .....	X X X .....		
4.	Fee-for-service (net of \$.....0 medical expenses) .....	X X X .....		
5.	Risk revenue .....	X X X .....		
6.	Aggregate write-ins for other health care related revenues .....	X X X .....	(588,544)	(588,639)
7.	Aggregate write-ins for other non-health revenues .....	X X X .....		
8.	TOTAL Revenues (Lines 2 to 7) .....	X X X .....	265,104,148	247,768,626
Hospital and Medical:				
9.	Hospital/medical benefits .....		154,970,815	146,734,048
10.	Other professional services .....		13,792,510	12,614,467
11.	Outside referrals .....		2,035,467	1,864,977
12.	Emergency room and out-of-area .....		15,029,531	14,434,913
13.	Prescription drugs .....		27,597,981	25,144,060
14.	Aggregate write-ins for other hospital and medical .....			
15.	Incentive pool, withhold adjustments and bonus amounts .....		3,661,653	3,218,898
16.	Subtotal (Lines 9 to 15) .....		217,087,957	204,011,362
Less:				
17.	Net reinsurance recoveries .....		59,869	165,908
18.	TOTAL Hospital and Medical (Lines 16 minus 17) .....		217,028,089	203,845,454
19.	Non-health claims (net) .....			
20.	Claims adjustment expenses, including \$.....0 cost containment expenses .....		3,382,808	3,026,000
21.	General administrative expenses .....		34,897,617	28,243,555
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only) .....			
23.	TOTAL Underwriting Deductions (Lines 18 through 22) .....		255,308,513	235,115,010
24.	Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X .....	9,795,635	12,653,616
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		67,265	52,073
26.	Net realized capital gains (losses) less capital gains tax of \$.....0 .....			
27.	Net investment gains (losses) (Lines 25 plus 26) .....		67,265	52,073
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)] .....			
29.	Aggregate write-ins for other income or expenses .....			
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X .....	9,862,900	12,705,689
31.	Federal and foreign income taxes incurred .....	X X X .....	3,926,000	4,196,441
32.	Net income (loss) (Lines 30 minus 31) .....	X X X .....	5,936,900	8,509,248
DETAILS OF WRITE-INS				
0601.	Revenue - Other .....	X X X .....	365,059	368,366
0602.	Management Fee Income - Related Party .....	X X X .....	240,000	240,000
0603.	Child & Adolescent Health Center Fee .....	X X X .....	(1,226,152)	(1,197,005)
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	X X X .....	32,549	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X .....	(588,544)	(588,639)
0701.	.....	X X X .....		
0702.	.....	X X X .....		
0703.	.....	X X X .....		
0798.	Summary of remaining write-ins for Line 7 from overflow page .....	X X X .....		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above) .....	X X X .....		
1401.	.....			
1402.	.....			
1403.	.....			
1498.	Summary of remaining write-ins for Line 14 from overflow page .....			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....			
2901.	.....			
2902.	.....			
2903.	.....			
2998.	Summary of remaining write-ins for Line 29 from overflow page .....			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above) .....			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year .....	48,434,519	45,989,174
34.	Net income or (loss) from Line 32 .....	5,936,900	8,509,248
35.	Change in valuation basis of aggregate policy and claim reserves .....		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0 .....		
37.	Change in net unrealized foreign exchange capital gain or (loss) .....		
38.	Change in net deferred income tax .....	432,000	239,000
39.	Change in nonadmitted assets .....	(715,552)	(302,903)
40.	Change in unauthorized reinsurance .....		
41.	Change in treasury stock .....		
42.	Change in surplus notes .....		
43.	Cumulative effect of changes in accounting principles .....		
44.	Capital Changes:		
44.1	Paid in .....		
44.2	Transferred from surplus (Stock Dividend) .....		
44.3	Transferred to surplus .....		
45.	Surplus adjustments:		
45.1	Paid in .....		
45.2	Transferred to capital (Stock Dividend) .....		
45.3	Transferred from capital .....		
46.	Dividends to stockholders .....	(35,000,000)	(6,000,000)
47.	Aggregate write-ins for gains or (losses) in surplus .....		
48.	Net change in capital and surplus (Lines 34 to 47) .....	(29,346,652)	2,445,345
49.	Capital and surplus end of reporting year (Line 33 plus 48) .....	19,087,867	48,434,519
DETAILS OF WRITE-INS			
4701.	.....		
4702.	.....		
4703.	.....		
4798.	Summary of remaining write-ins for Line 47 from overflow page .....		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance .....	264,848,221	250,117,494
2.	Net investment income .....	98,256	48,309
3.	Miscellaneous income .....	(588,544)	(588,639)
4.	Total (Lines 1 through 3) .....	264,357,933	249,577,164
5.	Benefit and loss related payments .....	214,954,425	200,451,532
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	38,153,838	30,643,114
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....	3,450,000	5,640,000
10.	Total (Lines 5 through 9) .....	256,558,263	236,734,646
11.	Net cash from operations (Line 4 minus Line 10) .....	7,799,670	12,842,518
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....	1,000,000	1,000,000
12.2	Stocks .....		
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7	Miscellaneous proceeds .....		
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....	1,000,000	1,000,000
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....	1,027,563	1,009,993
13.2	Stocks .....		
13.3	Mortgage loans .....		
13.4	Real estate .....		
13.5	Other invested assets .....		
13.6	Miscellaneous applications .....		
13.7	Total investments acquired (Lines 13.1 to 13.6) .....	1,027,563	1,009,993
14.	Net increase (decrease) in contract loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(27,563)	(9,993)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....		
16.3	Borrowed funds .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....	35,000,000	6,000,000
16.6	Other cash provided (applied) .....	(679,683)	(155,448)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(35,679,683)	(6,155,448)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(27,907,575)	6,677,077
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	74,713,515	68,036,438
19.2	End of year (Line 18 plus Line 19.1) .....	46,805,940	74,713,515

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001			
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		1	2	3	4	5	6	7	8	9	10
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1.	Net premium income .....	265,692,692	204,281					5,615,208	259,873,203		
2.	Change in unearned premium reserves and reserve for rate credit .....										
3.	Fee-for-service (net of \$.0 medical expenses) .....										X X X
4.	Risk revenue .....										X X X
5.	Aggregate write-ins for other health care related revenues .....	(588,544)							(588,544)		X X X
6.	Aggregate write-ins for other non-health care related revenues .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7.	TOTAL Revenues (Lines 1 to 6) .....	265,104,148	204,281					5,615,208	259,284,659		
8.	Hospital/medical benefits .....	154,970,815	42,142					1,802,868	153,125,805		X X X
9.	Other professional services .....	13,792,510	13,296					507,090	13,272,124		X X X
10.	Outside referrals .....	2,035,467						42,559	1,992,908		X X X
11.	Emergency room and out-of-area .....	15,029,531	6,354					201,797	14,821,380		X X X
12.	Prescription drugs .....	27,597,981	34,983					1,378,462	26,184,536		X X X
13.	Aggregate write-ins for other hospital and medical .....										X X X
14.	Incentive pool, withhold adjustments and bonus amounts .....	3,661,653						7,000	3,654,653		X X X
15.	Subtotal (Lines 8 to 14) .....	217,087,957	96,775					3,939,777	213,051,406		X X X
16.	Net reinsurance recoveries .....	59,869							59,869		X X X
17.	TOTAL Hospital and Medical (Lines 15 minus 16) .....	217,028,089	96,775					3,939,777	212,991,537		X X X
18.	Non-health claims (net) .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19.	Claims adjustment expenses including \$.0 cost containment expenses .....	3,382,808	4,189					281,254	3,097,365		
20.	General administrative expenses .....	34,897,617	19,083					1,281,269	33,597,265		
21.	Increase in reserves for accident and health contracts .....										X X X
22.	Increase in reserves for life contracts .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23.	TOTAL Underwriting Deductions (Lines 17 to 22) .....	255,308,513	120,047					5,502,299	249,686,167		
24.	Net underwriting gain or (loss) (Line 7 minus Line 23) .....	9,795,635	84,233					112,909	9,598,492		
DETAILS OF WRITE-INS											
0501.	Revenue - Other .....	365,059							365,059		X X X
0502.	Management Fee Income - Related Party .....	240,000							240,000		X X X
0503.	Child & Adolescent Health Center Fee .....	(1,226,152)							(1,226,152)		X X X
0598.	Summary of remaining write-ins for Line 5 from overflow page .....	32,549							32,549		X X X
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....	(588,544)							(588,544)		X X X
0601.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698.	Summary of remaining write-ins for Line 6 from overflow page .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.	.....										X X X
1302.	.....										X X X
1303.	.....										X X X
1398.	Summary of remaining write-ins for Line 13 from overflow page .....										X X X
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above) .....										X X X

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 1 - PREMIUMS

		1	2	3	4
		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
Line of Business					
1.	Comprehensive (hospital and medical) .....	205,617		1,337	204,281
2.	Medicare Supplement .....				
3.	Dental only .....				
4.	Vision only .....				
5.	Federal Employees Health Benefits Plan .....				
6.	Title XVIII - Medicare .....	5,626,062		10,854	5,615,208
7.	Title XIX - Medicaid .....	260,371,226		498,022	259,873,203
8.	Other health .....				
9.	Health subtotal (Lines 1 through 8) .....	266,202,905		510,213	265,692,692
10.	Life .....				
11.	Property/casualty .....				
12.	TOTALS (Lines 9 to 11) .....	266,202,905		510,213	265,692,692



UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct .....	211,299,903	81,545					3,946,460	207,271,898		
1.2 Reinsurance assumed .....										
1.3 Reinsurance ceded .....										
1.4 Net .....	211,299,903	81,545					3,946,460	207,271,898		
2. Paid medical incentive pools and bonuses .....	3,908,386						3,140	3,905,246		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct .....	27,099,291	15,230					619,546	26,464,515		
3.2 Reinsurance assumed .....										
3.3 Reinsurance ceded .....										
3.4 Net .....	27,099,291	15,230					619,546	26,464,515		
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct .....										
4.2 Reinsurance assumed .....										
4.3 Reinsurance ceded .....										
4.4 Net .....										
5. Accrued medical incentive pools and bonuses, current year .....	1,099,875						3,860	1,096,015		
6. Net healthcare receivables (a) .....	(111,060)						(5,839)	(105,221)		
7. Amounts recoverable from reinsurers December 31, current year ..	110,852							110,852		
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct .....	25,083,949						639,068	24,444,881		
8.2 Reinsurance assumed .....										
8.3 Reinsurance ceded .....										
8.4 Net .....	25,083,949						639,068	24,444,881		
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct .....										
9.2 Reinsurance assumed .....										
9.3 Reinsurance ceded .....										
9.4 Net .....										
10. Accrued medical incentive pools and bonuses, prior year .....	1,346,608							1,346,608		
11. Amounts recoverable from reinsurers December 31, prior year .....	415,908							415,908		
12. Incurred benefits:										
12.1 Direct .....	213,426,305	96,775					3,932,777	209,396,753		
12.2 Reinsurance assumed .....										
12.3 Reinsurance ceded .....	(305,056)							(305,056)		
12.4 Net .....	213,731,360	96,775					3,932,777	209,701,809		
13. Incurred medical incentive pools and bonuses .....	3,661,653						7,000	3,654,653		

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct .....	10,509,942	4,853					58,484	10,446,605		
1.2 Reinsurance assumed .....										
1.3 Reinsurance ceded .....										
1.4 Net .....	10,509,942	4,853					58,484	10,446,605		
2. Incurred but Unreported:										
2.1 Direct .....	16,589,349	10,377					561,062	16,017,910		
2.2 Reinsurance assumed .....										
2.3 Reinsurance ceded .....										
2.4 Net .....	16,589,349	10,377					561,062	16,017,910		
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct .....										
3.2 Reinsurance assumed .....										
3.3 Reinsurance ceded .....										
3.4 Net .....										
4. TOTALS										
4.1 Direct .....	27,099,291	15,230					619,546	26,464,515		
4.2 Reinsurance assumed .....										
4.3 Reinsurance ceded .....										
4.4 Net .....	27,099,291	15,230					619,546	26,464,515		

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1.	Comprehensive (hospital and medical) .....		81,545		15,230		
2.	Medicare Supplement .....						
3.	Dental only .....						
4.	Vision only .....						
5.	Federal Employees Health Benefits Plan .....						
6.	Title XVIII - Medicare .....	536,643	3,415,656	92,425	527,121	629,068	639,068
7.	Title XIX - Medicaid .....	22,969,940	184,410,415	768,732	25,695,783	23,738,672	24,444,881
8.	Other health .....						
9.	Health subtotal (Lines 1 to 8) .....	23,506,582	187,907,615	861,157	26,238,134	24,367,740	25,083,949
10.	Healthcare receivables (a) .....		63,103				
11.	Other non-health .....						
12.	Medical incentive pool and bonus amounts .....	1,066,517	2,841,869		1,099,875	1,066,517	1,346,608
13.	TOTALS (Lines 9 - 10 + 11 + 12) .....	24,573,099	190,686,381	861,157	27,338,009	25,434,257	26,430,558

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....	438,247	438,191	438,172	438,174	438,173
2.	2007 .....	132,423	149,778	149,829	149,830	149,828
3.	2008 .....	X X X	147,403	161,950	162,086	162,077
4.	2009 .....	X X X	X X X	167,209	181,192	182,171
5.	2010 .....	X X X	X X X	X X X	176,203	199,809
6.	2011 .....	X X X	X X X	X X X	X X X	190,686

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....	437,136	437,136	437,117	437,119	438,173
2.	2007 .....	150,032	150,090	149,829	149,830	149,828
3.	2008 .....	X X X	167,321	162,154	162,086	162,077
4.	2009 .....	X X X	X X X	189,112	181,518	182,171
5.	2010 .....	X X X	X X X	X X X	201,608	200,670
6.	2011 .....	X X X	X X X	X X X	X X X	218,024

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2007 .....	176,195	149,828			149,828	85.035			149,828	85.035
2.	2008 .....	200,504	162,077			162,077	80.835			162,077	80.835
3.	2009 .....	227,020	182,171			182,171	80.245			182,171	80.245
4.	2010 .....	248,357	199,809			199,809	80.452	861		200,670	80.799
5.	2011 .....	265,693	190,686			190,686	71.770	27,338	918	218,942	82.404

12 Total

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Hospital and Medical

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....	.....	.....	.....	.....	.....
2.	2007 .....	.....	.....	.....	.....	.....
3.	2008 .....	X X X .....	.....	.....	.....	.....
4.	2009 .....	X X X .....	X X X .....	.....	.....	.....
5.	2010 .....	X X X .....	X X X .....	X X X .....	.....	.....
6.	2011 .....	X X X .....	X X X .....	X X X .....	X X X .....	82

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....	.....	.....	.....	.....	.....
2.	2007 .....	.....	.....	.....	.....	.....
3.	2008 .....	X X X .....	.....	.....	.....	.....
4.	2009 .....	X X X .....	X X X .....	.....	.....	.....
5.	2010 .....	X X X .....	X X X .....	X X X .....	.....	.....
6.	2011 .....	X X X .....	X X X .....	X X X .....	X X X .....	97

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2007 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2.	2008 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3.	2009 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
4.	2010 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
5.	2011 .....	204	82	.....	.....	82	39.918	15	.....	97	47.373

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP . . . . . NONE

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XVIII - Medicare

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....	1,057	1,055	1,055	1,055	1,055
2.	2007 .....	1,264	1,489	1,491	1,491	1,491
3.	2008 .....	X X X	2,492	2,841	2,869	2,869
4.	2009 .....	X X X	X X X	3,158	3,564	3,576
5.	2010 .....	X X X	X X X	X X X	3,564	4,089
6.	2011 .....	X X X	X X X	X X X	X X X	3,419

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....					1,055
2.	2007 .....	1,264	1,489	1,491	1,491	1,491
3.	2008 .....	X X X	2,492	2,841	2,869	2,869
4.	2009 .....	X X X	X X X	3,158	3,564	3,576
5.	2010 .....	X X X	X X X	X X X	3,504	4,182
6.	2011 .....	X X X	X X X	X X X	X X X	3,950

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2007 .....	2,387	1,491			1,491	62.453			1,491	62.453
2.	2008 .....	3,455	2,869			2,869	83.038			2,869	83.038
3.	2009 .....	4,497	3,576			3,576	79.513			3,576	79.513
4.	2010 .....	6,105	4,089			4,089	66.986	92		4,182	68.500
5.	2011 .....	5,615	3,419			3,419	60.885	531		3,950	70.341

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....	437,190	437,136	437,117	437,119	437,118
2.	2007 .....	131,160	148,289	148,338	148,339	148,338
3.	2008 .....	X X X	144,911	159,109	159,217	159,207
4.	2009 .....	X X X	X X X	164,051	177,628	178,595
5.	2010 .....	X X X	X X X	X X X	172,639	195,720
6.	2011 .....	X X X	X X X	X X X	X X X	187,186

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2007	2 2008	3 2009	4 2010	5 2011
1.	Prior .....	437,136	437,136	437,117	437,119	437,118
2.	2007 .....	148,768	148,601	148,338	148,339	148,338
3.	2008 .....	X X X	164,829	159,314	159,217	159,207
4.	2009 .....	X X X	X X X	185,954	177,954	178,595
5.	2010 .....	X X X	X X X	X X X	198,105	196,489
6.	2011 .....	X X X	X X X	X X X	X X X	213,978

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2007 .....	173,809	148,338			148,338	85.346			148,338	85.346
2.	2008 .....	197,049	159,207			159,207	80.796			159,207	80.796
3.	2009 .....	222,522	178,595			178,595	80.260			178,595	80.260
4.	2010 .....	242,252	195,720			195,720	80.792	769		196,489	81.109
5.	2011 .....	259,873	187,186			187,186	72.030	26,792	918	214,896	82.692



12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other ..... NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other ..... NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other ..... NONE

13 Underwriting Invest Exh Pt 2D - A & H Reserve ..... NONE

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$.....0 for occupancy of own building) .....		475,000	1,888,056		2,363,056
2.	Salaries, wages and other benefits .....		1,800,000	6,823,749		8,623,749
3.	Commissions (less \$.....0 ceded plus \$.....0 assumed) .....					
4.	Legal fees and expenses .....		30,000	185,933		215,933
5.	Certifications and accreditation fees .....		25,000	237,369		262,369
6.	Auditing, actuarial and other consulting services .....		275,000	941,194		1,216,194
7.	Traveling expenses .....		15,000	257,090		272,090
8.	Marketing and advertising .....		25,000	472,788		497,788
9.	Postage, express and telephone .....		60,000	241,028		301,028
10.	Printing and office supplies .....		70,000	226,614		296,614
11.	Occupancy, depreciation and amortization .....			96,875		96,875
12.	Equipment .....					
13.	Cost or depreciation of EDP equipment and software .....		300,000	442,750		742,750
14.	Outsourced services including EDP, claims, and other services .....		100,000	3,668,861		3,768,861
15.	Boards, bureaus and association fees .....					
16.	Insurance, except on real estate .....		27,808	117,257		145,065
17.	Collection and bank service charges .....			3,972		3,972
18.	Group service and administration fees .....					
19.	Reimbursements by uninsured plans .....					
20.	Reimbursements from fiscal intermediaries .....					
21.	Real estate expenses .....					
22.	Real estate taxes .....					
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes .....			18,974,798		18,974,798
23.2	State premium taxes .....					
23.3	Regulator authority licenses and fees .....			111,133		111,133
23.4	Payroll taxes .....		180,000	208,149		388,149
23.5	Other (excluding federal income and real estate taxes) .....					
24.	Investment expenses not included elsewhere .....					
25.	Aggregate write-ins for expenses .....					
26.	TOTAL Expenses Incurred (Lines 1 to 25) .....		3,382,808	34,897,617		(a) 38,280,425
27.	Less expenses unpaid December 31, current year .....			1,683,965		1,683,965
28.	Add expenses unpaid December 31, prior year .....			2,037,596		2,037,596
29.	Amounts receivable relating to uninsured plans, prior year .....					
30.	Amounts receivable relating to uninsured plans, current year .....					
31.	TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .....		3,382,808	35,251,248		38,634,056
DETAILS OF WRITE-INS						
2501.	.....					
2502.	.....					
2503.	.....					
2598.	Summary of remaining write-ins for Line 25 from overflow page .....					
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....					

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds .....	(a)..... 85,695	..... 60,563
1.1	Bonds exempt from U.S. tax .....	(a).....	.....
1.2	Other bonds (unaffiliated) .....	(a).....	.....
1.3	Bonds of affiliates .....	(a).....	.....
2.1	Preferred stocks (unaffiliated) .....	(b).....	.....
2.11	Preferred stocks of affiliates .....	(b).....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans .....	(c).....	.....
4.	Real estate .....	(d).....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	(e)..... 5,753	..... 6,702
7.	Derivative instruments .....	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....	.....
10.	Total gross investment income .....	..... 91,448	..... 67,265
11.	Investment expenses .....		(g).....
12.	Investment taxes, licenses and fees, excluding federal income taxes .....		(g).....
13.	Interest expense .....		(h).....
14.	Depreciation on real estate and other invested assets .....		(i).....
15.	Aggregate write-ins for deductions from investment income .....		.....
16.	Total deductions (Lines 11 through 15) .....		.....
17.	Net Investment income (Line 10 minus Line 16) .....		..... 67,265
DETAILS OF WRITE-INS			
0901.	.....		.....
0902.	.....		.....
0903.	.....		.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....		.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....		.....
1501.	.....		.....
1502.	.....		.....
1503.	.....		.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....		.....
(a) Includes \$.0 accrual of discount less \$.8,866 amortization of premium and less \$.1,723 paid for accrued interest on purchases.			
(b) Includes \$.0 accrual of discount less \$.0 amortization of premium and less \$.0 paid for accrued dividends on purchases.			
(c) Includes \$.0 accrual of discount less \$.0 amortization of premium and less \$.0 paid for accrued interest on purchases.			
(d) Includes \$.0 for company's occupancy of its own buildings; and excludes \$.0 interest on encumbrances.			
(e) Includes \$.0 accrual of discount less \$.0 amortization of premium and less \$.0 paid for accrued interest on purchases.			
(f) Includes \$.0 accrual of discount less \$.0 amortization of premium.			
(g) Includes \$.0 investment expenses and \$.0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$.0 interest on surplus notes and \$.0 interest on capital notes.			
(i) Includes \$.0 depreciation on real estate and \$.0 depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....	.....	.....	.....	.....	.....
1.1	Bonds exempt from U.S. tax .....	.....	.....	.....	.....	.....
1.2	Other bonds (unaffiliated) .....	.....	.....	.....	.....	.....
1.3	Bonds of affiliates .....	.....	.....	.....	.....	.....
2.1	Preferred stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.11	Preferred stocks of affiliates .....	.....	.....	.....	.....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....	.....	.....	.....
3.	Mortgage loans .....	.....	.....	.....	.....	.....
4.	Real estate .....	.....	.....	.....	.....	.....
5.	Contract loans .....	.....	.....	.....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	.....	.....	.....	.....	.....
7.	Derivative instruments .....	.....	.....	.....	.....	.....
8.	Other invested assets .....	.....	.....	.....	.....	.....
9.	Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....	.....
10.	Total capital gains (losses) .....	.....	.....	.....	.....	.....
DETAILS OF WRITE-INS						
0901.	.....	.....	.....	.....	.....	.....
0902.	.....	.....	.....	.....	.....	.....
0903.	.....	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page ..	.....	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) ..	.....	.....	.....	.....	.....

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D) .....			
2.	Stocks (Schedule D):			
2.1	Preferred stocks .....			
2.2	Common stocks .....			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens .....			
3.2	Other than first liens .....			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company .....			
4.2	Properties held for the production of income .....			
4.3	Properties held for sale .....			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....			
6.	Contract loans .....			
7.	Derivatives (Schedule DB) .....			
8.	Other invested assets (Schedule BA) .....			
9.	Receivables for securities .....			
10.	Securities lending reinvested collateral assets (Schedule DL) .....			
11.	Aggregate write-ins for invested assets .....			
12.	Subtotals, cash and invested assets (Lines 1 to 11) .....			
13.	Title plants (for Title insurers only) .....			
14.	Invested income due and accrued .....			
15.	Premium and considerations:			
15.1	Uncollected premiums and agents' balances in the course of collection .....			
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			
15.3	Accrued retrospective premiums .....			
16.	Reinsurance:			
16.1	Amounts recoverable from reinsurers .....			
16.2	Funds held by or deposited with reinsured companies .....			
16.3	Other amounts receivable under reinsurance contracts .....			
17.	Amounts receivable relating to uninsured plans .....			
18.1	Current federal and foreign income tax recoverable and interest thereon .....			
18.2	Net deferred tax asset .....	791,000	406,000	(385,000)
19.	Guaranty funds receivable or on deposit .....			
20.	Electronic data processing equipment and software .....	360,892	470,922	110,030
21.	Furniture and equipment, including health care delivery assets .....	212,062	248,244	36,181
22.	Net adjustment in assets and liabilities due to foreign exchange rates .....			
23.	Receivables from parent, subsidiaries and affiliates .....			
24.	Health care and other amounts receivable .....			
25.	Aggregate write-ins for other than invested assets .....	476,764		(476,764)
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	1,840,718	1,125,166	(715,552)
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
28.	Total (Lines 26 and 27) .....	1,840,718	1,125,166	(715,552)
DETAILS OF WRITE-INS				
1101.	.....			
1102.	.....			
1103.	.....			
1198.	Summary of remaining write-ins for Line 11 from overflow page .....			
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....			
2501.	Prepaid Assets .....	476,764		(476,764)
2502.	.....			
2503.	.....			
2598.	Summary of remaining write-ins for Line 25 from overflow page .....			
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	476,764		(476,764)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6 Current Year Member Months
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1.	Health Maintenance Organizations .....	71,013	72,977	73,300	73,927	75,040	884,601
2.	Provider Service Organizations .....						
3.	Preferred Provider Organizations .....						
4.	Point of Service .....						
5.	Indemnity Only .....						
6.	Aggregate write-ins for other lines of business .....						
7.	TOTAL .....	71,013	72,977	73,300	73,927	75,040	884,601
DETAILS OF WRITE-INS							
0601.	.....						
0602.	.....						
0603.	.....						
0698.	Summary of remaining write-ins for Line 6 from overflow page .....						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....						

# Notes to Financial Statements

## 1. Summary of Significant Accounting Policies

### A. Accounting Practices

The financial statements have been prepared in accordance with the NAIC Accounting Practices and Procedures Manual and the basis of accounting practices generally prescribed or permitted by the State of Michigan Division of Insurance (statutory basis). Financial statements prepared on the statutory basis vary in some respects from those prepared in accordance with accounting principles generally accepted in the United States of America.

The significant accounting principles, as outlined above, were followed in the preparation of the statutory basis financial statements. Had the financial statements been prepared in accordance with the accounting principles generally accepted in the United States of America, the following differences would have been noted:

- Electronic data processing equipment & software and Furnitures and fixtures would be capitalized at cost and depreciated over the estimated useful lives of the assets.
- Deferred income taxes would provide for all temporary differences between taxes currently payable and taxes based upon financial income.

### B. Use of Estimates

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of (1) assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and (2) revenues and expenses during the reporting period. A significant item subject to such estimates includes the accrual for hospitalization and other external providers. Actual results could differ from those estimates.

### C. Accounting Policy

The Plan operates under two capitated Medicaid contracts and a MICHild contract, which commenced in 2011, with the Michigan Department of Community Health (MDCH). In addition, the Plan has a contract with the Centers for Medicare and Medicaid Services (CMS) for Medicare beneficiaries. For the years ended December 31, 2011 and 2010, these contracts provided the majority of the Plan's operating revenues. Revenue is recognized during the month in which coverage for enrolled members is in effect. Amounts receivable or payable as a result of the contract reconciliation process are recorded in the year known or a reasonable estimate is determinable

1. Short –term investments are stated at cost. Cash Equivalents have been accounted for in accordance with SSAP No. 2. All highly liquid investments with original maturities of three months or less are classified as cash equivalents.
2. Bonds - As a condition of licensure with the State of Michigan, the Plan is required to maintain a minimum deposit of \$1,000,000 in a segregated and restricted account. These funds can only be used by the Plan at the direction of the Commissioner. The deposited amounts are invested in a U.S. Treasury Note and stated at amortized cost.
3. Common Stocks – Not applicable
4. Preferred Stocks – Not applicable
5. Mortgage Loans – Not applicable
6. Loan –backed securities – Not applicable
7. Investments in Subsidiaries, controlled and affiliated companies – Not applicable
8. Investments in Joint Ventures, partnerships and limited liability companies – Not applicable
9. Derivatives – Not applicable
10. The Company was not required to record a premium deficiency reserve at December 31, 2011.
11. The Plan accrues the cost of hospitalization and other external provider expenses in the period in which they are provided based in part on estimates, including an estimate for claims incurred but not reported to the Plan (IBNR). These estimates are reviewed and opined upon by an Actuarial firm, Milliman. The Plan's contracts with providers require specified withholdings from capitation payments to create a pool for risk sharing based on membership. This pool is used to cover incurred expenses, excluding inpatient, in the event of over-utilization of medical services. Amounts withheld by the Plan for each Provider with 250 or more Members will be held in a separate Referral Services Fund. Six months after the end of each calendar year, an accounting of actual and accrued expenses properly chargeable to the Referral Services Fund will be done by the Plan to determine the amount of any surplus or deficit in the Provider's Referral Services Fund. Any surplus will be paid 75% to the Provider, up to a maximum of three month's capitation, and 25% to the Plan and any deficit will be allocated 25% to the Provider, up to a maximum of three month's capitation and 75% to the Plan. The Plan has approved the write-off of the Risk Share amount for Providers with a deficit balance.
12. Capitalization policy – no change in threshold. Improvements and equipment are stated at cost. Depreciation is computed over the estimated useful lives of the assets using both the straight-line and accelerated methods. All fixed assets are Non-admitted assets.
13. Pharmaceutical/Rebates Receivable – The plan recognizes pharmacy rebates/reimbursements when the amounts are known or a reasonable estimate is determinable. The Patient Protection and Affordable Care Act (PPACA) and the Health Care and Education Affordability Reconciliation Act signed into law in March 2010 are expected to result in a significant reduction in pharmaceutical rebates received by the Plan in subsequent periods.

## 2. Accounting Change and Correction of Errors

Notes to Financial Statements

In prior years the Plan recognized the Maternity Case Rate payment revenue when received. Due to an increase in membership, the Plan has elected to record the estimated revenue and corresponding receivable based on occurrence date, which allows for matching with the associated expense. This estimated amount is \$1,300,000 as of December 31, 2011.

3. Business Combination and Goodwill

The stock of Midwest Health Plan, Inc. was acquired by Health Alliance Plan of Michigan (HAP) effective November 1, 2011. The Plan operates as a wholly owned subsidiary of HAP, which is owned by the Henry Ford Health System. As a result, the Plan has new ownership and affiliates and other entities cease to be affiliates as of November 1, 2011. The change in ownership has not resulted in any change in the Plan's day to day operations. No amounts associated with HAP's acquisition of the Plan's stock were recorded as of December 31, 2011.

4. Discontinued Operations

None.

5. Investments

A. Mortgage Loans – None

B. Debt Restructuring – None

C. Reverse Mortgages – None

D. Loan-Backed Securities– None

E. Repurchase Agreements – None

F. Real Estate – None

G. Investment in Low-Income Housing Tax Credits – None

Midwest Health Plan had the following investments in 2011:

- In compliance with the Michigan Insurance Code, the Plan maintains a minimum \$1,000,000 deposit in a restricted account held for the State of Michigan, Licensing and Regulatory Affairs – Office of Financial and Insurance Regulation. The Plan has determined that this investment will be held to maturity, over one year, and therefore carried at amortized cost in the accompanying financial statements.
- Cash Equivalents and Short-term investments consist primarily of U.S. Treasury Bills and/or high-grade discounted commercial paper with original maturities greater than three months and less than one year and an Institutional Prime Money Market fund. The Plan has determined that its short-term investments will be held to maturity and therefore carried at cost in the accompanying financial statements.

6. Joint Ventures, Partnerships and Limited Liability Companies

None.

7. Investment Income

Investment income was from the following sources in 2011:

Cash, Cash Equivalents and Short-Term Investments	\$66,958
Long-term bond – U.S. Treasury Note	<u>307</u>
Totals	\$67,265

Investment Income due and accrued was \$1,610 and \$12,804 for the year-ended December 31, 2011 and 2010, respectively. Investment market factors for short-term, high grade instruments (U.S. Treasury Bills and Prime Money Market Fund) have resulted in a significant reduction in investment income in 2011 and 2010. As a result of the change in ownership and evaluation, the Plan has moved to a cash position, other than the restricted deposit held by the State of Michigan, while evaluating its future investment policy.

8. Derivative Instruments

None.

9. Income Taxes

- A. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of the deferred tax asset and liabilities, that are all Ordinary, recognized at December 31, 2011 and 2010, respectively are as follows:

December 31	2011	2010
Gross Deferred Tax Assets:		
Network Development List	\$101,000	\$129,000
Discounted Unpaid Losses	207,000	201,000
Nonadmitted Improvements & Equipment	221,000	277,000
Nonadmitted Prepaid Expenses	184,000	0

Notes to Financial Statements

Deferred Compensation	476,000	0
Other	<u>78,000</u>	<u>38,000</u>
Gross Deferred Tax Assets	\$1,267,000	\$645,000
Deferred Tax Liability – Improvements & Equipment	<u>\$190,000</u>	<u>0</u>
Net Deferred Tax Asset	\$1,077,000	\$645,000
Non-Admitted Deferred Tax Assets	<u>\$(791,000)</u>	<u>\$(406,000)</u>
Net Admitted Deferred Tax Assets	<u>\$286,000</u>	<u>\$239,000</u>
Change in Non-Admitted Deferred Tax Assets	\$ 385,000	\$(3,000)

The following represents the calculation of Total Admitted Deferred Taxes:

10a	Admitted thru carryback	0	0
10b	Admitted thru realization by the end of subsequent year	\$286,000	\$239,000
10c	Admitted thru offset with Deferred Tax Liabilities	<u>\$190,000</u>	<u>0</u>
	Admitted Deferred Tax Asset	\$476,000	\$239,000

The Plan has not elected to admit deferred tax assets pursuant to paragraph 10e of SSAP 10R, which is consistent with prior reporting periods.

- B. There are no unrecognized deferred tax liabilities.
- C. The provision for taxes on income consisted of the following:

<i>Year Ended December 31,</i>	<u>2011</u>	<u>2010</u>
Current federal income taxes	\$3,926,000	\$4,196,441
Change in Deferred Tax Assets - Ordinary	<u>(432,000)</u>	<u>239,000</u>
Taxes on Income	\$3,494,000	\$4,435,441

- D. The provision for federal taxes on income incurred is different from that which would be obtained by applying the statutory Federal income tax rate to income before income taxes primarily due to non-deductible meals and entertainment.
- E. 1. The Company had no operating loss carry forwards.
2. The amount of federal income taxes incurred in 2011 and 2010 that will be available for recoupment in the event of future net losses is \$3,926,000 and \$4,196,441, respectively.
- F. The Company's Federal Income Tax return is not consolidated with any other entities.

Supplemental Disclosures of Cash Flow Information

Cash paid during the year for:

<i>Year Ended December 31,</i>	<u>2011</u>	<u>2010</u>
Income taxes	\$3,450,000	\$5,640,000

10. Information Concerning Parent, Subsidiaries and Affiliates

The stock of Midwest Health Plan, Inc. was acquired by Health Alliance Plan of Michigan (HAP) effective November 1, 2011. The Plan operates as a wholly owned subsidiary of HAP, which is owned by the Henry Ford Health System. As a result, the Plan has new ownership and affiliates and other entities cease to be affiliates as of November 1, 2011. The change in ownership has not resulted in any change in the Plan's day to day operations.

The former Board of Directors declared a \$35,000,000 dividend in September 2011, subject to approval by the State of Michigan Department of Licensing and Regulatory Affairs, in conjunction with the sale of Midwest Health Plan, Inc.'s stock to Health Alliance Plan as of November 1, 2011. The State of Michigan approved the dividend (\$8,500,000 as ordinary and \$26,500,000 as extraordinary) contingent upon the approved sale to Health Alliance Plan of Michigan. The dividend was paid to the former owners on November 1, 2011. In connection with the sale, three new Board members, officers of HAP, were appointed to replace the Board members who resigned as of October 31, 2011.

The former Board of Directors, pre- acquisition, entered into an agreement with Midwest Health AKM, Inc. for services to assure the proper accounting and management of activity for the true-up of the economic value of the Plan between the former owners and HAP. The estimated value of \$1,732,000 for this service was expensed in 2011, of which \$1,500,000 was paid as of December 31, 2011.

The former Board of Directors approved bonuses of \$1,237,000 to officers and employees for past services and in connection with the sale of MHP to HAP. This amount was expensed by the Plan in 2011 and the funds transferred to a third party for distribution, per the terms of the agreement.

The former Board of Directors of the Plan approved and paid a business service fee of \$500,000 and \$545,000 to Midwest Health Center, P.C. respectively in 2011 and 2010. This fee was for storage, strategic growth and enhanced operations of the Plan.



# Notes to Financial Statements

Under a primary site/plan agreement with Rick Poston, DO PC, the Plan is responsible for making payments for provider services based on enrolled members. For the years ended December 31, 2011 and 2010 total expense for provider services to this affiliate was \$376,110 and \$334,945 respectively. This agreement is not classified as an affiliate as of November 1, 2011.

The Plan terminated its master operating lease agreement with SPS Woodbridge, LLC as of October 31, 2011. The rent expense with affiliates was \$1,740,000, which included the payout for early termination and \$564,585 for the years December 31, 2011 and 2010, respectively.

The Plan has an Affiliate Services Agreement with Midwest Health AKM, Inc. For the years ended December 31, 2011 and 2010 respectively the Plan recognized: Other revenue of \$240,000 and \$240,000, allocated expenses of \$180,000 and \$180,000 that results in a \$60,000 and \$60,000 profit for each year. This agreement is not classified as an affiliate as of November 1, 2011.

Total Amounts due to affiliates were \$0 and \$99,585 at December 31, 2011 and 2010, respectively. There were no amounts due from affiliates as of December 31, 2011 and 2010.

**11. Debt**

None

**12. Employee Benefit Plan**

A. Defined Benefit Plan - None

B. Defined Contribution Plan - The Plan maintains a 401(k) plan for its employees. All employees are eligible to participate in the 401(k) plan after completion of age and service requirements. The Plan makes matching contributions to the 401(k) plan up to four percent or eligible compensation. Contributions, net of forfeitures, made to the 401(k) plan by the Plan for the years ended December 31, 2011 and 2010 were approximately \$129,515 and \$124,127, respectively. The fair value of plan assets was \$2,843,702 and \$2,981,425 at December 31, 2011 and 2010 respectively.

C. Multiemployer Plans – None

D. Consolidated/Holding Company Plans – None

E. Post employment Benefits and Compensated Absences – None

F. Impact of Medicare Modernization Act on Postretirement Benefits – None – The Plan does not sponsor a group health plan for retirees.

**13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations**

- The Plan has 60,000 shares authorized, 8,465 issued and outstanding at a par value of \$ 22 as of December 31, 2011.
- The Plan has no preferred stock.
- Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the Company's state of incorporation, Michigan, and to an amount based on restrictions relating to statutory surplus.
- The Plan declared a \$35,000,000 dividend (\$8,500,000 as ordinary and \$26,500,000 as extraordinary) in September 2011. The State of Michigan approved the dividend upon the approval of the sale of the Plan's stock to Health Alliance Plan of Michigan, now the Ultimate Controlling Person. The dividend was proportionately paid to the former shareholders on November 1, 2011.
- Within the limitations above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- There are no Surplus Notes.
- There is no stock held by the Plan for special purposes (conversion, employee stock options or purchase warrants).
- There are no special surplus funds
- There are no Unassigned funds
- There are no Surplus Notes
- There is no quasi-reorganization
- There is no quasi-reorganization

**14. Commitments and Contingencies**

None

**15. Leases**

The Plan entered into a new operating lease (with a non-affiliate) for its primary office space in December 2010. This is a 10 year lease however it is cancellable after 6 years. At the time the new lease commenced, the prior operating lease agreement expired. Rental expense was \$604,315 and \$834,673 in 2011 and 2010, respectfully. The Plan terminated its master operating lease agreement with SPS Woodbridge, LLC in 2011, a former affiliate see note 10 above, and entered into a twenty six month operating lease that expires on December 31, 2013. For that period the minimum lease payments, included below, are approximately \$40,000.

At December 31, 2011, the minimum aggregate rental commitments are as follows:

• 2012	\$475,938
• 2013	\$487,376
• 2014	\$479,298
• 2015	\$491,266
• 2016	\$471,712
<b>Total</b>	<b>\$2,405,589</b>

Notes to Financial Statements

16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk.

None.

17. Sales, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities

None.

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans.

- A. – ASO Plans - None
- B. – ASC Plans - None
- C. – Medicare or Other Similarly Structured Cost Based Reimbursement Contract - None

19. Direct Premium Written/Produced by Managing General Third Agents/Third Party Administrators

None.

20. Fair Value Measurements

A.- Assets Measured at Fair Value on a Recurring Basis at December 31, 2011:

Description	Level 1	Unrecognized Loss
U.S. Treasury Bill – Long Term Special Deposit	\$1,026,230	\$(794)

B. – No assets and liabilities measured on a nonrecurring basis.

C. - Not applicable

D. - Not applicable

21. Other Items

None.

22. Events Subsequent

None.

23. Reinsurance

The Plan has a reinsurance agreement with RGA Reinsurance Company, NAIC 93572, Federal Tax ID #43-1235868, a no-affiliated U.S. company for 2011. RGA acquired Reliastar Life Insurance Company, NAIC #67105, Federal tax ID #41-0451140, a non-affiliated U.S. company, who the Plan had a reinsurance agreement with in 2010. The deductible rate for institutional services is \$150,000 for covered Medicaid members and \$120,000 for covered Medicare members with a co-payment of 10%, except for non-approved transplants in 2011. Reinsurance ceded was \$510,213 and \$534,702 for 2011 and 2010, respectively. The maximum reinsurance per member is \$1,000,000 per year and \$2,000,000 per lifetime. The agreement is non-cancelable other than for failure to pay premiums. For the 2011 policy year, the Plan has an estimated receivable of \$74,250 on paid claims as of December 31, 2011. The Plan received a \$36,602 reimbursement for the 2010 policy year in January 2012.

The company does not have assumed uncollectible or retroactive reinsurance.

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination.

None.

25. Change in Incurred Claims and Claims Adjustment Expenses

The Plan had estimated claims unpaid of \$27,099,291 as of December 31, 2011. A certified actuary has opined upon this amount. Although management believes that the provision for unpaid claims is adequate, it is not known until the ultimate settlement of these liabilities. Any future adjustments to these amounts will affect the reported results of future periods. The estimated claims unpaid were \$25,083,949 at December 31, 2010, of which the Plan paid \$23,506,582 in 2011. In addition, the Plan recognized claim adjustment expenses of \$3,382,808 and \$3,026,000, which were actuarial determined, for the years ended December 31, 2011 and 2010.

26. Intercompany Pooling Arrangements

None

27. Structured Settlements

None

28. Health Care Receivables - Admitted

- A. **Pharmaceutical/Rebates Receivable** – The plan recognizes pharmacy rebates/reimbursements when the amounts are known or a reasonable estimate is determinable.

Estimated	Confirmed	Received	Received	Received
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Notes to Financial Statements

Quarter	Receivable	Receivable	within 90 days	within 91 -180 days	over 180 days
12/31/11	63,103	63,103	63,103		
9/30/11	209,870	209,870	209,870		
6/30/11	296,789	296,789	296,789		
3/31/11	105,974	105,974	105,974		
12/31/10	174,163	174,163	174,163		
9/30/10	3,515	3,515	3,515		
6/30/10	220,466	220,466	220,466		
3/31/10	378,381	378,381	378,381		
12/31/09	489,393	489,393	489,393		
9/30/09	190,271	190,271	190,271		
6/30/09	198,502	198,502	198,502		
3/31/09	229,920	229,920	229,920		

B. Risk Sharing Receivable

The Plan’s contract with capitated providers that have 250 or more assigned members are subject to risk sharing. Any provider with a deficit balance owes 25% of that balance, up to a maximum of three month’s capitation, to the Plan. The Plan has a final settlement with Providers 18 months after the beginning of the respective contract year. For 2011 and 2010 the Plan has agreed to waive any Risk Share Receivable and accordingly rebased its capitation payment and referral pool funding for 2011.

29. Participating Policies

None

30. Premium Deficiency Reserves

None

31. Anticipated Salvage and Subrogation

None

GENERAL INTERROGATORIES  
PART 1 - COMMON INTERROGATORIES  
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[ ] N/A[ ]  
Michigan
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[ ] No[X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2010
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2007
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

10/28/2008
- 3.4 By what department or departments?  
Department of Energy, Labor & Economic Growth (DELEG) , Office of Financial & Insurance Regulation (OFIR)
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes[ ] No[ ] N/A[X]  
Yes[X] No[ ] N/A[ ]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with?
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[ ] No[X]
- 4.12 renewals?

Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[ ] No[X]
- 4.22 renewals?

Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[ ] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes[ ] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[ ] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

0.000%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[ ] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[ ] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
		Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
BDO USA, LLP, 755 West Big Beaver, Suite 1900 Troy, Michigan 48084-0178
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes[ ] No[X]
- 10.2 If response to 10.1 is "yes," provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation?

Yes[ ] No[X]
- 10.4 If response to 10.3 is "yes," provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes[X] No[ ] N/A[ ]
- 10.6 If the answer to 10.5 is "NO" or "N/A" please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Michael Sturm, Milliman USA, 15800 Blue Mound Road, Suite 400, Brookfield, Wisconsin 53005-6069, Consulting Contract

GENERAL INTERROGATORIES (Continued)

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes[ ] No[X]
- 12.11 Name of real estate holding company
- 12.12 Number of parcels involved

0
- 12.13 Total book/adjusted carrying value

\$0
- 12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[ ] No[ ] N/A[X]
- 13.3 Have there been any changes made to any of the trust indentures during the year?

Yes[ ] No[ ] N/A[X]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes[ ] No[ ] N/A[X]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes[X] No[ ]
- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended?

Yes[ ] No[X]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes[ ] No[X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below?

Yes[ ] No[X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

	1 American Bankers Association (ABA) Routing Number	2  Issuing or Confirming Bank Name	3  Circumstances That Can Trigger the Letter of Credit	4  Amount
15.2001	.....	.....	.....	.....

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes[X] No[ ]
17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[ ]
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes[X] No[ ]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes[ ] No[X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers

\$0
- 20.12 To stockholders not officers

\$0
- 20.13 Trustees, supreme or grand (Fraternal only)

\$0
- 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers

\$0
- 20.22 To stockholders not officers

\$0
- 20.23 Trustees, supreme or grand (Fraternal only)

\$0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[ ] No[X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others

\$0
- 21.22 Borrowed from others

\$0
- 21.23 Leased from others

\$0
- 21.24 Other

\$0
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[ ] No[X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment

\$0
- 22.22 Amount paid as expenses

\$0
- 22.23 Other amounts paid

\$0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes[ ] No[X]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$0

INVESTMENT

- 24.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.3)

Yes[X] No[ ]
- 24.2 If no, give full and complete information, relating thereto:
- 24.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet, (an alternative is to reference Note 17 where this information is also provided)
- 24.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes[ ] No[ ] N/A[X]
- 24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs.

\$0
- 24.6 If answer to 24.4 is no, report amount of collateral for other programs.

\$0
- 24.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes[ ] No[ ] N/A[X]
- 24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes[ ] No[ ] N/A[X]
- 24.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?

Yes[ ] No[ ] N/A[X]

GENERAL INTERROGATORIES (Continued)

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.3).

25.2 If yes, state the amount thereof at December 31 of the current year:

25.21 Subject to repurchase agreements

25.22 Subject to reverse repurchase agreements

25.23 Subject to dollar repurchase agreements

25.24 Subject to reverse dollar repurchase agreements

25.25 Pledged as collateral

25.26 Placed under option agreements

25.27 Letter stock or securities restricted as to sale

25.28 On deposit with state or other regulatory body

25.29 Other

Yes[X] No[ ]

\$ 0

\$ 0

\$ 0

\$ 0

\$ 0

\$ 0

\$ 0

\$ 1,027,024

\$ 0

25.3 For category (25.27) provide the following:

1	2	3
Nature of Restriction	Description	Amount

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

27.2 If yes, state the amount thereof at December 31 of the current year.

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

Yes[ ] No[X]

Yes[ ] No[ ] N/A[X]

Yes[ ] No[X]

\$ 0

Yes[X] No[ ]

1	2
Name of Custodian(s)	Custodian's Address
Bank of America, N.A. Wealth Management Group .....	2600 West Big Beaver Road, Troy, MI 48084 .....

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

28.04 If yes, give full and complete information relating thereto:

Yes[ ] No[X]

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason

28.05 Identify all investment advisers, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository Number(s)	Name	Address

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?

29.2 If yes, complete the following schedule:

Yes[ ] No[X]

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
29.2999 Total .....		

29.3 For each mutual fund listed in the table above, complete the following schedule:

26.2

GENERAL INTERROGATORIES (Continued)

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds .....	1,027,024	1,026,230	(794)
30.2 Preferred stocks .....			
30.3 Totals .....	1,027,024	1,026,230	(794)

30.4 Describe the sources or methods utilized in determining the fair values  
Ready market for the Investments held: U.S. Treasury Note with stated interest rate

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes[X] No[ ]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes[X] No[ ] N/A[ ]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

Restricted Deposit held to maturity - thus Amortized cost

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes[X] No[ ]

32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

\$ ..... 63,692

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1	2
Name	Amount Paid
Michigan Association of Health Plans .....	45,000

34.1 Amount of payments for legal expenses, if any?

\$ ..... 205,576

34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid
Barris, Sott, Denn & Driker, PLLC .....	156,083

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

\$ ..... 0

35.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1	2
Name	Amount Paid

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[ ] No[X]

1.2 If yes, indicate premium earned on U.S. business only:

\$ ..... 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ ..... 0

1.31 Reason for excluding:

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$ ..... 0

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ ..... 0

1.6 Individual policies - Most current three years:

1.61 Total premium earned

\$ ..... 0

1.62 Total incurred claims

\$ ..... 0

1.63 Number of covered lives

..... 0

All years prior to most current three years:

1.64 Total premium earned

\$ ..... 0

1.65 Total incurred claims

\$ ..... 0

1.66 Number of covered lives

..... 0

1.7 Group policies - Most current three years:

1.71 Total premium earned

\$ ..... 0

1.72 Total incurred claims

\$ ..... 0

1.73 Number of covered lives

..... 0

All years prior to most current three years:

1.74 Total premium earned

\$ ..... 0

1.75 Total incurred claims

\$ ..... 0

1.76 Number of covered lives

..... 0

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator .....	265,692,692	248,357,265
2.2	Premium Denominator .....	265,692,692	248,357,265
2.3	Premium Ratio (2.1 / 2.2) .....	1.000	1.000
2.4	Reserve Numerator .....	28,199,166	26,430,558
2.5	Reserve Denominator .....	28,199,166	26,430,558
2.6	Reserve Ratio (2.4 / 2.5) .....	1.000	1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[ ] No[X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes[X] No[ ]

4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[ ] No[ ] N/A[X]

5.1 Does the reporting entity have stop-loss reinsurance?

Yes[X] No[ ]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive Medical

\$ ..... 235,000

5.32 Medical Only

\$ ..... 0

5.33 Medicare Supplement

\$ ..... 0

5.34 Dental & Vision

\$ ..... 0

5.35 Other Limited Benefit Plan

\$ ..... 0

5.36 Other

\$ ..... 0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

Midwest Health Plan has agreements with its Primary Care providers to continue services until enrollee is re-assigned by Medicaid.

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes[X] No[ ]

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

..... 1,072

8.2 Number of providers at end of reporting year

..... 1,121

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[ ] No[X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

..... 0

9.22 Business with rate guarantees over 36 months

..... 0

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[X] No[ ]

10.2 If yes:

10.21 Maximum amount payable bonuses

\$ ..... 3,665,625

10.22 Amount actually paid for year bonuses

\$ ..... 3,394,733

10.23 Maximum amount payable withholds

\$ ..... 1,979,672

10.24 Amount actually paid for year withholds

\$ ..... 513,653

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes[ ] No[X]

11.13 An Individual Practice Association (IPA), or,

Yes[ ] No[X]

11.14 A Mixed Model (combination of above)?

Yes[X] No[ ]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes[X] No[ ]

11.3 If yes, show the name of the state requiring such net worth.

Michigan

11.4 If yes, show the amount required.

\$ ..... 14,858,088

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes[ ] No[X]

11.6 If the amount is calculated, show the calculation.

12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
Livingston, Macomb, Oakland, St. Claire, Washtenaw, Wayne .....
Counties .....

13.1 Do you act as a custodian for health savings accounts?

Yes[ ] No[X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date:

\$ ..... 0

13.3 Do you act as an administrator for health savings accounts?

Yes[ ] No[X]

13.4 If yes, please provide the balance of the funds administered as of the reporting date:

\$ ..... 0



FIVE-YEAR HISTORICAL DATA

	1 2011	2 2010	3 2009	4 2008	5 2007
<b>BALANCE SHEET (Pages 2 and 3)</b>					
1. TOTAL Admitted Assets (Page 2, Line 28) .....	49,888,763	77,769,737	71,884,532	62,788,614	54,545,661
2. TOTAL Liabilities (Page 3, Line 24) .....	30,800,896	29,335,218	25,895,358	23,985,937	20,688,735
3. Statutory surplus .....	14,858,088	13,974,960	12,790,400	11,377,286	10,678,974
4. TOTAL Capital and Surplus (Page 3, Line 33) .....	19,087,867	48,434,519	45,989,174	38,802,677	33,856,926
<b>INCOME STATEMENT (Page 4)</b>					
5. TOTAL Revenues (Line 8) .....	265,104,148	247,768,626	223,384,669	189,619,327	165,777,219
6. TOTAL Medical and Hospital Expenses (Line 18) .....	217,028,089	203,845,454	186,490,777	167,136,879	148,845,887
7. Claims adjustment expenses (Line 20) .....	3,382,808	3,026,000	2,827,028	2,957,354	2,848,723
8. TOTAL Administrative Expenses (Line 21) .....	34,897,617	28,243,555	23,223,159	12,794,307	9,891,187
9. Net underwriting gain (loss) (Line 24) .....	9,795,635	12,653,616	10,843,704	6,730,787	4,191,422
10. Net investment gain (loss) (Line 27) .....	67,265	52,073	116,693	1,356,439	2,610,558
11. TOTAL Other Income (Lines 28 plus 29) .....					
12. Net income or (loss) (Line 32) .....	5,936,900	8,509,248	7,060,397	5,224,225	4,372,980
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11) .....	7,799,670	12,842,518	8,150,854	9,115,981	9,064,554
<b>RISK-BASED CAPITAL ANALYSIS</b>					
14. TOTAL Adjusted Capital .....	19,087,867	48,434,519	45,989,174	38,802,677	33,856,926
15. Authorized control level risk-based capital .....	7,429,044	6,987,480	6,395,200	5,688,643	5,339,487
<b>ENROLLMENT (Exhibit 1)</b>					
16. TOTAL Members at End of Period (Column 5, Line 7) .....	75,040	71,013	69,642	64,542	64,487
17. TOTAL Members Months (Column 6, Line 7) .....	884,601	848,284	802,338	774,121	763,807
<b>OPERATING PERCENTAGE (Page 4)</b>					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) .....	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19) .....	81.7	82.1	82.1	83.4	84.5
20. Cost containment expenses .....					
21. Other claims adjustment expenses .....	1.3	1.2	1.2	1.5	1.6
22. TOTAL Underwriting Deductions (Line 23) .....	96.1	94.7	93.6	91.2	91.7
23. TOTAL Underwriting Gain (Loss) (Line 24) .....	3.7	5.1	4.8	3.4	2.4
<b>UNPAID CLAIMS ANALYSIS</b>					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5) .....	25,434,257	22,770,447	15,900,698	18,642,022	10,713,378
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)] .....	26,430,558	22,745,365	20,006,827	18,380,747	12,671,643
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1) .....					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1) .....					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1) .....					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10) .....					
30. Affiliated mortgage loans on real estate .....					
31. All other affiliated .....					
32. TOTAL of Above Lines 26 to 31 .....					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes[ ] No[ ] N/A[X]

If no, please explain::

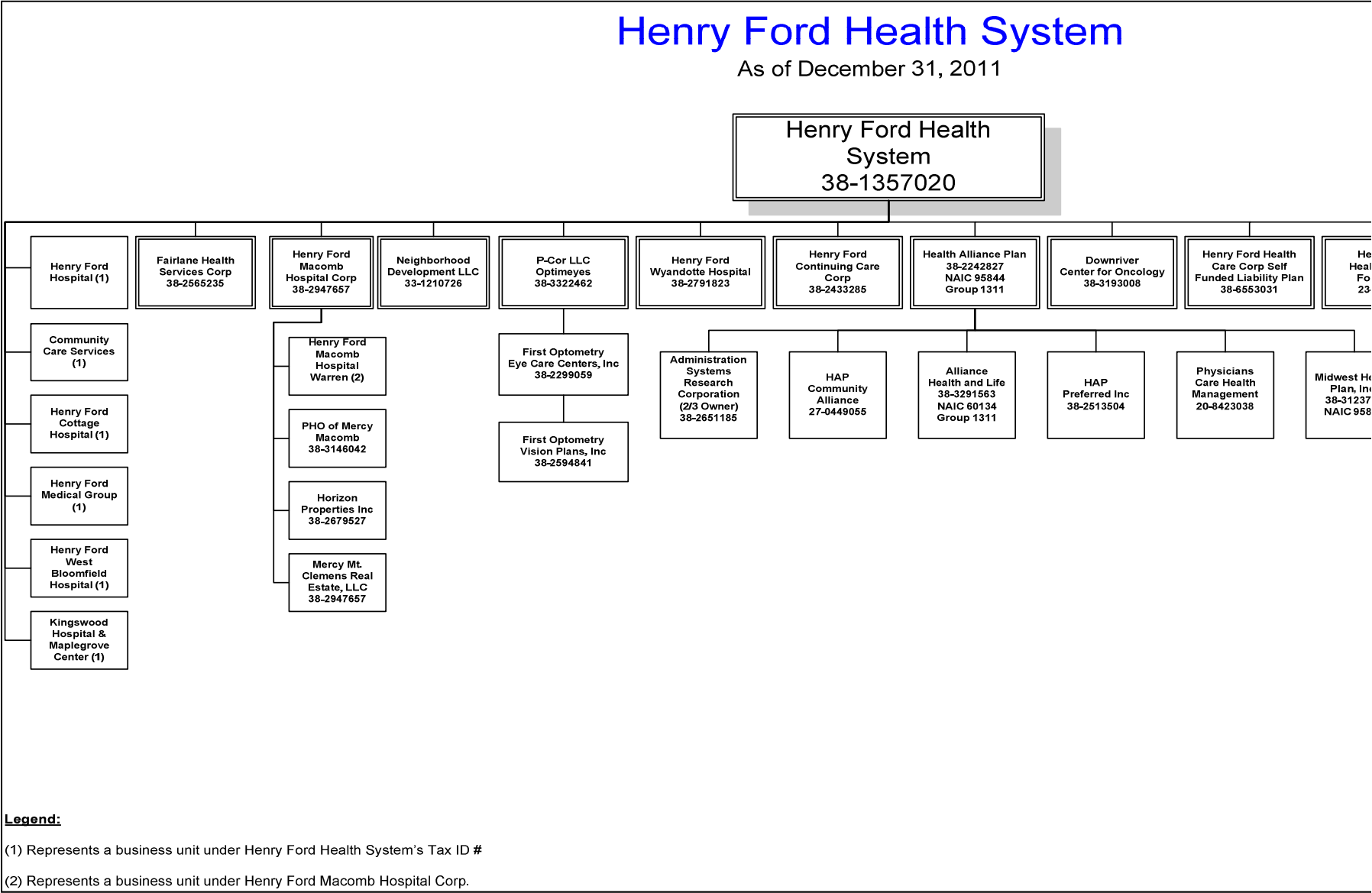
SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS  
ALLOCATED BY STATES AND TERRITORIES

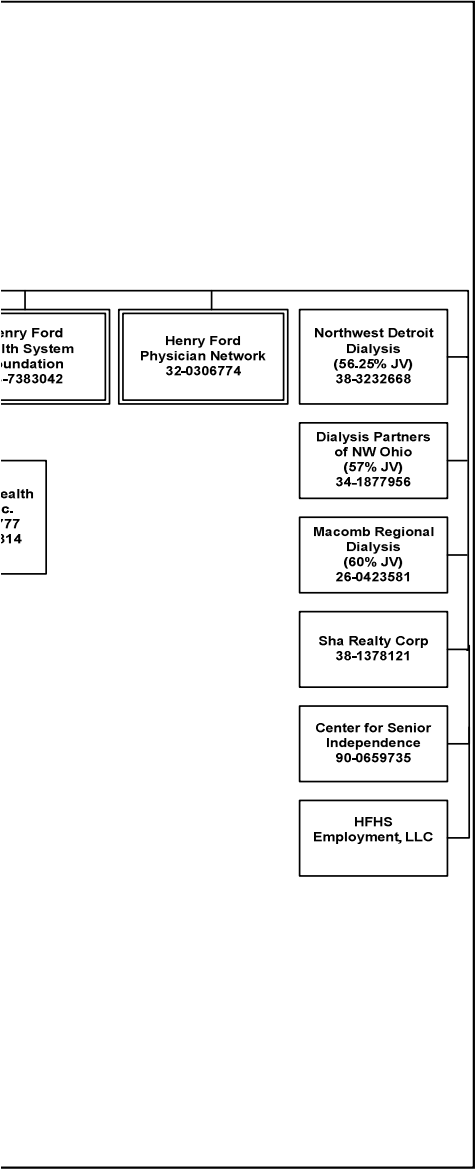
		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1.	Alabama (AL)	N								
2.	Alaska (AK)	N								
3.	Arizona (AZ)	N								
4.	Arkansas (AR)	N								
5.	California (CA)	N								
6.	Colorado (CO)	N								
7.	Connecticut (CT)	N								
8.	Delaware (DE)	N								
9.	District of Columbia (DC)	N								
10.	Florida (FL)	N								
11.	Georgia (GA)	N								
12.	Hawaii (HI)	N								
13.	Idaho (ID)	N								
14.	Illinois (IL)	N								
15.	Indiana (IN)	N								
16.	Iowa (IA)	N								
17.	Kansas (KS)	N								
18.	Kentucky (KY)	N								
19.	Louisiana (LA)	N								
20.	Maine (ME)	N								
21.	Maryland (MD)	N								
22.	Massachusetts (MA)	N								
23.	Michigan (MI)	L	205,617	5,626,062	260,371,226				266,202,905	
24.	Minnesota (MN)	N								
25.	Mississippi (MS)	N								
26.	Missouri (MO)	N								
27.	Montana (MT)	N								
28.	Nebraska (NE)	N								
29.	Nevada (NV)	N								
30.	New Hampshire (NH)	N								
31.	New Jersey (NJ)	N								
32.	New Mexico (NM)	N								
33.	New York (NY)	N								
34.	North Carolina (NC)	N								
35.	North Dakota (ND)	N								
36.	Ohio (OH)	N								
37.	Oklahoma (OK)	N								
38.	Oregon (OR)	N								
39.	Pennsylvania (PA)	N								
40.	Rhode Island (RI)	N								
41.	South Carolina (SC)	N								
42.	South Dakota (SD)	N								
43.	Tennessee (TN)	N								
44.	Texas (TX)	N								
45.	Utah (UT)	N								
46.	Vermont (VT)	N								
47.	Virginia (VA)	N								
48.	Washington (WA)	N								
49.	West Virginia (WV)	N								
50.	Wisconsin (WI)	N								
51.	Wyoming (WY)	N								
52.	American Samoa (AS)	N								
53.	Guam (GU)	N								
54.	Puerto Rico (PR)	N								
55.	U.S. Virgin Islands (VI)	N								
56.	Northern Marianas Islands (MP)	N								
57.	Canada (CN)	N								
58.	Aggregate other alien (OT)	X X X								
59.	Subtotal	X X X	205,617	5,626,062	260,371,226				266,202,905	
60.	Reporting entity contributions for Employee Benefit Plans	X X X								
61.	TOTAL (Direct Business)	(a).... 1	205,617	5,626,062	260,371,226				266,202,905	
DETAILS OF WRITE-INS										
5801.		X X X								
5802.		X X X								
5803.		X X X								
5898.	Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.  
Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER  
MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART





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